20 January 1954

NEW RANDOM FOR THE DERECTOR OF CENTRAL INTELLIGENCE
SUBJECT: Probable Communist Reaction to Release of PCW's

- 1. Over the past week, the Communists have issued warnings that they would regard the return of the 22,000 PON's to the UNC and their subsequent release as illegal under the armietics terms and as "gravely threatening the peace in Force".
 - g. At a recent UNCHAC meeting, the Communist representatives that:

"In order to insure the implementation of the terms of reference and prevent the armistice agreement from being further disrupted, thereby gravely threatening the peace in Ferren, I put forth today a proposal which is of great significance and ask that your side should immediately put an end to all the treacherous activities for abdouting the FWFs. If your side persists in going your own way and gives no consideration to this serious proposal of our side, your side must bear the full responsibility for all the grave consequences."

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- b. On 13 Jammary, Indian officials told the British that the Chinese Communict reaction to the planned rolesse of the prisoners continued to be very strong and that the Communicts had told the Indians they could not "stand idly by" while the POW's were being returned to the UK.
- 2. It is our estimate, however, that these vernings do not indicate a Communist intent to remume hostilities in Korea, or to launch new aggression elsewhere in Asia. In our opinion, the Communists do not regard the disposition of the FON's as a matter sufficiently important to justify breaking the status que in Korea. This was descentrated by their acceptance of the armistice provisions for voluntary repatriation. It was also descentrated by their de facte acceptance of the RON release of 27,000 prisoners in mid-June prior to signing the armistice. On both occasions, the Communists protested at length and attempted to conceel their loss of position. They did not, however, permit the PON issue to prevent the regotiation and signing of the armistice agreement.

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- 3. We believe that the withdraval of major Chinese Communist forces from Euron, the emountment of long-range Communist plans for rehabilitating North Horea, and present Soviet and Chinese Communist emphasis upon demestic programs are evidence of a Communist decision not to resume hostilities in Horea. Recent Communist tactics concerning the PAN's appear to have been designed largely to exact pressure on the Indians and to conceed the prestige losses the Communists suffered on the PON issue.
- A. The Communists made no efforts on 20 and 21 January to proved the transfer of the 22,000 prisoners from custody of the Indian forces to the URC. However, it is still possible that disturbances will be instigated by Communist agents among enti-Communist prisoners. The purpose of such disturbances would be to give substance to the Communist contention that pro-Communist prisoners have been forcibly retained. The Communists will probably also continue to refuse to accept the 349 pro-Communist prisoners in order to dramatize their contention that the HOM's have been illegally released.
- 5. Release of the prisoners to civilian status by the IR commend will be denounced by the Communists as a violation of the prototice agreement and will continue to be the subject of extensive propagands. The Communists might use this "violation" as a justification for actions on their own part violating the ermintice agreement, such as a strengthening of their military position in North Korea. They might also use it as an excuse for refusing a demand for the return of UN nationals whom they still hold. For the reasons stated in paragraph 2, however, we believe that the Communists will consider the release of prisoners, taken by itself, as a development requiring a major alteration of their previously determined policy in Koros or electrone in the Far Sest. We therefore believe that the release of the prisoners will not sause the Communists to attack Hong Kong, Induson, Thailand, or Bures, or to change the scale and nature of their aid to the Viet Minh in Indochine.
- 6. We believe that the Communist outery concerning the UH armistics "violation" may have been intended not only to obscure their defeat on the PW issue but to belster the Communist bergaining position prior to the Berlin conference and an anticipated special UN session. By presenting the view that the PCM release was illegal, that the Ecrosm armistics has thereby been violated, and that a tense situation consequently has been crusted in the Far East, the Communists may be seeking to convince Asian and Western European governments that only a Five Power Conference can now lessen tensions in Asia.

Assistent Director Retional Estimates

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